

**ASSEMBLY BILL**

**No. 2323**

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**Introduced by Assembly Member Torlakson**

February 19, 2010

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An act to add Section 8449 to the Education Code, relating to child care and development services.

LEGISLATIVE COUNSEL'S DIGEST

AB 2323, as introduced, Torlakson. Direct service contracts.

The Child Care and Development Services Act, administered by the State Department of Education, requires the Superintendent of Public Instruction to administer child care and development programs for eligible children from infancy to 13 years of age. The act requires each entity that enters into a direct service contract with the state to provide child care and development services to comply with specified financial requirements, and to annually undergo a financial and compliance audit.

This bill would authorize a contractor to carry forward certain reimbursable expenses and unearned funds to a subsequent contract issued by the department to continue the same program or services, subject to specified requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 8449 is added to the Education Code, to
- 2 read:
- 3 8449. (a) Notwithstanding any other provision of law, a
- 4 contractor whose reimbursable expenses in any direct service

1 contract exceed the earnings in the contract shall be allowed to  
2 carry forward the reimbursable expenses that exceed contract  
3 earnings to a contract issued by the department to continue the  
4 same program services, except that the expenses carried forward  
5 shall not exceed 10 percent of the maximum reimbursable amount  
6 of the contract from which the expenses are carried forward.

7 (b) A contractor shall be allowed to carry over up to 20 percent  
8 of unearned funds in a direct service contract to a contract issued  
9 by the department to continue the same program services during  
10 a subsequent contract period. Those unearned funds shall be  
11 reimbursed pursuant to the laws and regulation, including earning  
12 funds, that apply to the subsequent period. The department may  
13 require the contractor to submit a plan to earn the carryover funds  
14 in the subsequent contract period.

15 (c) Nothing in this section shall require the department to issue  
16 a new contract to a contractor in a subsequent period to continue  
17 services.